



NICOLE R. GALLOWAY, CPA
Missouri State Auditor

To the County Commission
and
Officeholders of Ray County, Missouri

The Office of the State Auditor is responsible under Section 29.230, RSMo, for auditing certain operations of Ray County, and issues a separate report on that audit. In addition, the Office of the State Auditor has contracted for an audit of the county's financial statements for the 2 years ended December 31, 2014, through the state Office of Administration, Division of Purchasing and Materials Management. A copy of this audit, performed by McBride, Lock & Associates, LLC, Certified Public Accountants, is attached.

A handwritten signature in black ink that reads "Nicole R. Galloway".

Nicole R. Galloway, CPA
State Auditor

September 2015
Report No. 2015-073

ANNUAL FINANCIAL REPORT

RAY COUNTY, MISSOURI

For the Years Ended
December 31, 2014 and 2013

RAY COUNTY, MISSOURI
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INTRODUCTORY SECTION

RAY COUNTY, MISSOURI
List of Elected Officials

County Commission

Presiding Commissioner – Gary Wilhite

Eastern Commissioner – Allen Dale

Western Commissioner – Mike Twyman

Other Elected Officials

Assessor – Kent Wollard

Circuit Clerk – Carolyne Conner

Collector – Julie Chowning

Coroner – Vacant

County Clerk – Glenda Powell

Prosecuting Attorney – Camille Johnston

Public Administrator – Kenneth Nolker

Recorder – Shirley O’Dell

Sheriff – Garry Bush

Treasurer – Melissa Holloway

McBRIDE, LOCK & ASSOCIATES, LLC

INDEPENDENT AUDITORS' REPORT

To the County Commission and
Officeholders of Ray County, Missouri

We have audited the accompanying cash basis financial statements of the governmental activities, the aggregated discretely presented component units, each major fund and the aggregate remaining fund information of Ray County, Missouri, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Ray County, Missouri, as of December 31, 2014 and 2013, and the respective changes in cash basis financial position thereof for the years then ended in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Ray County, Missouri's basic financial statements. The Management's Discussion and Analysis and the Comparative Statements of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual – Cash Basis which are the responsibility of management are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 28, 2015 on our consideration of Ray County, Missouri's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Ray County, Missouri's internal control over financial reporting and compliance.

(Original Signed by McBride, Lock & Associates, LLC)

McBride, Lock & Associates, LLC
Kansas City, Missouri
July 28, 2015

FINANCIAL SECTION

RAY COUNTY, MISSOURI
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014 and 2013

The discussion and analysis of Ray County's financial performance provides an overall review of the County's financial activities for the years ended December 31, 2014 and 2013. The intent of this discussion and analysis is to look at the County's financial performance as a whole; readers should also review the basic financial statements, including the notes to the financial statements, to enhance their understanding of the County's financial performance.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's Basic Financial Statements. These basic financial statements are made up of three components: 1) the government-wide financial statements, 2) the governmental fund financial statements, and 3) the notes to basic financial statements. This report also contains other supplementary information in addition to the basic financial statements.

The county has elected to present its financial statements on the cash basis of accounting, a basis of accounting other than accounting principles generally accepted in the United States of America. "Basis of accounting" refers to when financial events are recorded. Under the cash basis of accounting, revenues are recorded when received rather than when earned, and expenditures are recorded when paid rather than when the related liabilities are incurred. Therefore, when reviewing the financial information and discussion in this report, the reader should recall the limitations resulting from use of the cash basis of accounting.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the County's finances as a whole. The two statements included in this grouping are:

-Statement of Net Position – presents information related to the County's cash balances (assets), with the balances being reported as the County's net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial health of the County is improving or deteriorating.

-Statement of Activities – presents information demonstrating how the County's net position changed during the most recent fiscal year as compared with the previous fiscal year. All changes in net position are reported as soon as cash is received or disbursed, in accordance with the cash basis of accounting.

The government-wide financial statements report only governmental activities – activities such as general government operations, public safety, roads and bridges, and health and welfare that are usually financed through taxes and intergovernmental receipts. The County has no business-like activities financed wholly or partially by fees charged to external parties for goods or services.

Fund Financial Statements

A fund is an accounting device that a government uses to maintain control over and account for specific sources of funding that are to be spent for specific purposes. Ray County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with statutory requirements. These statements focus more on the individual functions of the County, reporting on financial operations in a more detailed format than is found in the government-wide statements. Certain funds are required by state law or established by bond covenants. Other funds are established by the County Commission to control and manage resources for particular purposes or to show that certain revenue sources (i.e., taxes, grants) are used appropriately. Ray County funds can be divided into the following two categories:

-Governmental – Most of the County’s activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. The governmental fund statements provide a detailed short-term view of the County’s general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or less financial resources available to spend in the near future to finance the County’s programs.

-Fiduciary – These funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County’s own programs.

The County maintains 4 major governmental funds and 18 non-major governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the major governmental funds. By definition the general fund is always considered a major fund. Other funds must be reported as major funds if they report at least 10 percent of all governmental funds total assets, receipts, or disbursements. Funds that do not meet the 10% criteria, but are considered to be of particular importance to the financial statements may also be reported as major funds. The Senior Services Board and 911 Emergency Services Boards, which are component units of the County, are presented as major funds. Data for the non-major governmental funds are combined into a single, aggregated presentation. Individual fund data for each of the non-major governmental funds is provided elsewhere in this report.

Notes to the Financial Statements

The Notes to the Basic Financial Statements provide a more detailed explanation of some of the information contained in the financial statements that is essential to gain a better understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents Comparative Statements of Receipts, Disbursements, and Changes in Fund Balances – Budget and Actual – Cash Basis for all of the County’s governmental funds.

Financial Analysis of the County as a Whole

The following information was derived from the Statement of Net Position for 2013 and 2014 and unaudited 2012 information from the County's budget documents:

	Net Position		
	Governmental Activities		
	2012	2013	2014
ASSETS			
Cash	\$ 771,591	\$724,318	\$ 839,606
Total Assets	<u>\$ 771,591</u>	<u>\$724,318</u>	<u>\$ 839,606</u>
NET POSITION			
Restricted	\$ 690,153	\$671,108	\$ 818,519
Unrestricted	<u>81,438</u>	<u>53,210</u>	<u>21,087</u>
Total Net Position	<u>\$ 771,591</u>	<u>\$724,318</u>	<u>\$ 839,606</u>

The primary government's assets (cash balances) increased by \$68,015 (8.8%) over the three year period. The restricted net position of the County represents balances of special revenue funds which are restricted for use for a specific purpose and represents 97.5%, 92.7%, and 89.4% of the County's total net position for the years ended December 31, 2014, 2013, and 2012, respectively. The County's restricted net position increased by \$128,366 (18.6%) over the three year period. The unrestricted portion of the County's net position represents the balances of the General Revenue fund and represents 2.5%, 7.3%, and 10.6% of the County's total net position for the years ended December 31, 2014, 2013, and 2012, respectively. The County's unrestricted net position decreased by \$60,351 (74.1%) over the three year period.

The following information was derived from the Statement of Activities for 2013 and 2014 and unaudited 2012 information from the County's budget documents:

Changes in Net Position

	Governmental Activities		
	2012	2013	2014
RECEIPTS			
Program Receipts:			
Charges for Services	\$ 1,863,927	\$ 1,342,950	\$ 1,218,756
Operating Grants	1,037,645	1,042,947	1,183,012
Capital Grants	23,056	393,096	305,025
General Receipts:			
Property Taxes	410,169	545,117	565,264
Sales Taxes	2,608,474	2,578,050	2,789,640
Interest	2,743	3,372	3,745
Other	517,598	344,402	477,653
Transfers	(128,800)	(153,500)	(153,500)
Total Receipts	\$ 6,334,812	\$ 6,096,434	\$ 6,389,595
DISBURSEMENTS			
Program Disbursements:			
General county government	\$ 1,687,251	\$ 1,580,047	\$ 1,672,458
Public safety	2,022,705	1,588,816	1,572,788
Judicial	440,457	461,511	447,915
Roads and bridges	1,988,298	2,431,989	2,501,144
Health and welfare	76,497	81,344	80,002
Total Disbursements	\$ 6,215,208	\$ 6,143,707	\$ 6,274,307
Increase/(Decrease) in Net Position	\$ 119,604	\$ (47,273)	\$ 115,288

Receipts for the primary government exceeded disbursements in 2012 and 2014, while disbursements exceeded receipts in 2013. Receipts in 2013 decreased from the prior year by \$238,378 (3.7%) mainly due to a decrease in charges for services. This was a result of the County receiving fewer payments for housing prisoners on behalf of other Counties in the region, and was accompanied by a decrease in Public Safety expenditures. Receipts in 2014 increased from the prior year by \$293,161 (4.8%) mainly due to an increase in sales taxes received. Disbursements in 2013 decreased from the prior year by \$71,501 (1.2%) mainly due to a decrease in Public Safety expenditures, as mentioned above. Roads and Bridges expenditures increased in 2013 due mainly to construction of a BRO bridge project financed by a federal grant passed through the state Department of Transportation. Disbursements in 2014 increased from the previous year by \$130,600 (2.1%) mainly due to an increase in General County Government, which resulted from increased costs in the Assessment fund. It was discovered in 2014 that the ½% assessment property tax fee was overpaid to the Assessment fund during 2011-2013 and the fund was forced to return \$36,773 to the County Collector.

Financial Analysis of the County's Funds

The focus of the County's governmental funds is to provide information on receipts and disbursements, as well as what resources remain available for future spending. Such information is

useful in assessing the County's financing requirements. As the County is reporting on the cash basis of accounting, fund balances of the County's governmental funds are the same of the net position reported for the County as a whole. However, net position that is classified as unrestricted on the government-wide financial statements is identified as unassigned on the fund financial statements.

The primary government reports four major funds: General Revenue, Special Road and Bridge, Assessment, and Noxious Weeds.

The General Revenue fund is the primary operating fund of the County through which all receipts and payments of ordinary County operations are processed, unless they are required to be accounted for in another fund. The fund balance of the General Revenue fund decreased from \$81,438 at the end of 2012 to \$21,087 at the end of 2014. The December 31, 2014 fund balance represents just .6% of the budgeted expenditures for 2015. However, the County also has access to a \$100,000 line of credit to finance expected disbursements in 2015. Receipts and disbursements had only modest increases in 2014 from 2013. Receipts increased by \$33,692 (1%) and disbursements increased by \$37,587 (1.1%) in 2014. In 2013, receipts and disbursements decreased significantly from 2012 due to the County cutting back on housing inmates from other Counties at the jail. Receipts decreased by \$530,138 (13.6%) and disbursements decreased by \$498,140 (12.8%) in 2013.

The fund balance of the Special Road and Bridge fund decreased from \$187,637 at the end of 2012 to \$154,272 at the end of 2014. Receipts in 2014 increased by \$251,898 (10.7%) due to an increase in sales taxes received and the receipt of \$112,067 in insurance proceeds received from fire damage. Receipts in 2013 increased by \$341,193 (17%) from 2012 due to construction of a BRO bridge project whose expenditures were reimbursed by a federal grant passed through the state. Disbursements in 2014 had only a modest increase of \$117,795 (4.8%). Disbursements in 2013 increased by \$443,691 (22.3%) from 2012 because of construction on the BRO bridge project.

The fund balance of the Assessment fund decreased from \$324,237 at the end of 2012 to \$259,273 at the end of 2014. Receipts had only a slight decrease in 2014 and 2013 of \$7,093 (2.1%) and \$3,963 (1.2%), respectively, when compared to the previous years. Disbursements in 2014 had only a modest decrease of \$5,603 (1.5%). Disbursements in 2013 increased by \$92,333 (33.3%) from 2012 because of a \$75,000 loan made to the County's General Revenue fund.

The fund balance of the Noxious Weeds fund increased from \$20,996 at the end of 2012 to \$207,572 at the end of 2014. The property tax levy for Noxious Weeds was reinstated in 2013 and resulted in a significant increase in revenues for the fund in 2013 and 2014.

General Revenue Fund Budgetary Highlights

Actual receipts exceeded budgeted receipts by \$166,333 (5.2%) in 2014 due to sales tax receipts being larger than expected. Actual receipts exceeded budgeted receipts by \$189,788 (6%) in 2013 because of greater than expected borrowings, including the receipt of a \$75,000 loan from the Assessment fund that was not budgeted. Actual disbursements exceeded the budgeted amount in 2014 by \$199,945 (6.2%), due to greater than expected expenses related to jail operations and courthouse improvements and repairs. Actual disbursements exceeded the budgeted amount in 2013 by \$204,928 (6.4%), due to greater than expected expenses related to the operations of the jail. There were no budget amendments made in either 2013 or 2014.

Next Year's Budget and Economic Factors

The budget for 2015 is projecting an increase in the General Revenue fund balance to \$66,889 based on projected receipts of \$3,323,988 and projected disbursements of \$3,278,186.

In 2014, the County assessed an additional Road and Bridge property tax levy of \$.2419 per \$100 of assessed valuation. The additional property tax receipts will be reflected in the County's financial records beginning in 2015, since the property tax payments reflecting this additional levy began to be collected in December 2014 and were turned over to the County Treasurer in January 2015.

Requests for Information

This financial report is designed to provide our constituents and other interested parties with a general overview of Ray County's finances and to demonstrate the County's accountability for the monies it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the County Clerk's office, 100 W. Main, Richmond, Missouri 64085, (816) 776-4502.

RAY COUNTY, MISSOURI
 COMPARATIVE GOVERNMENT-WIDE STATEMENTS OF NET POSITION - CASH BASIS
 DECEMBER 31, 2014 AND 2013

	December 31,					
	2013			2014		
	Primary County Government	Component Units		Primary County Government	Component Units	
	Senior Services Board	911 Emergency Services Board		Senior Services Board	911 Emergency Services Board	
ASSETS						
Cash and Investments	\$ 724,318	\$ 189,339	\$ 99,167	\$ 839,606	\$ 209,053	\$ 141,167
Total Assets	<u>\$ 724,318</u>	<u>\$ 189,339</u>	<u>\$ 99,167</u>	<u>\$ 839,606</u>	<u>\$ 209,053</u>	<u>\$ 141,167</u>
NET POSITION						
Restricted	\$ 671,108	\$ 189,339	\$ 99,167	\$ 818,519	\$ 209,053	\$ 141,167
Unrestricted	53,210	-	-	21,087	-	-
Total Net Position	<u>\$ 724,318</u>	<u>\$ 189,339</u>	<u>\$ 99,167</u>	<u>\$ 839,606</u>	<u>\$ 209,053</u>	<u>\$ 141,167</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

RAY COUNTY, MISSOURI
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
YEAR ENDED DECEMBER 31, 2014

	Program Receipts				Net Receipts/(Disbursements) and Changes in Net Position		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	Senior Services Board	911 Emergency Services Board
PRIMARY GOVERNMENT:							
Governmental Activities:							
General county government	\$ 1,672,458	\$ 861,239	\$ 55,561	\$ -	\$ (755,658)		
Public safety	1,572,788	308,689	293,026	-	(971,073)		
Judicial	447,915	43,692	61,092	-	(343,131)		
Roads and bridges	2,501,144	-	765,744	305,025	(1,430,375)		
Health and welfare	80,002	5,136	7,589	-	(67,277)		
Total Governmental Activities	<u>\$ 6,274,307</u>	<u>\$ 1,218,756</u>	<u>\$ 1,183,012</u>	<u>\$ 305,025</u>	<u>\$ (3,567,514)</u>		
COMPONENT UNITS:							
Health and welfare	\$ 124,615	\$ -	\$ -	\$ -		\$ (124,615)	
Public Safety	530,679	152,000	-	-			\$ (378,679)
Total Component Units	<u>\$ 655,294</u>	<u>\$ 152,000</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ (124,615)</u>	<u>\$ (378,679)</u>
GENERAL RECEIPTS							
Taxes							
Property taxes					\$ 565,264	\$ 143,622	\$ -
Sales taxes					2,789,640	-	-
Emergency Telephone System Tax					-	-	176,348
Interest					3,745	589	120
Other					477,653	118	90,711
Transfers					(153,500)	-	153,500
Total General Receipts					<u>\$ 3,682,802</u>	<u>\$ 144,329</u>	<u>\$ 420,679</u>
Changes in Net Position					115,288	19,714	42,000
NET POSITION, JANUARY 1					<u>724,318</u>	<u>189,339</u>	<u>99,167</u>
NET POSITION, DECEMBER 31					<u>\$ 839,606</u>	<u>\$ 209,053</u>	<u>141,167</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

RAY COUNTY, MISSOURI
 GOVERNMENT-WIDE STATEMENT OF ACTIVITIES - CASH BASIS
 YEAR ENDED DECEMBER 31, 2013

	Program Receipts				Net Receipts/(Disbursements) and Changes in Net Position		
	Disbursements	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Units	
					Governmental Activities	Senior Services Board	911 Emergency Services Board
PRIMARY GOVERNMENT:							
Governmental Activities:							
General county government	\$ 1,580,047	\$ 921,823	\$ 57,301	\$ -	\$ (600,923)		
Public safety	1,588,816	378,929	193,754	-	(1,016,133)		
Judicial	461,511	37,646	52,645	-	(371,220)		
Roads and bridges	2,431,989	-	739,247	393,096	(1,299,646)		
Health and welfare	81,344	4,552	-	-	(76,792)		
Total Governmental Activities	<u>\$ 6,143,707</u>	<u>\$ 1,342,950</u>	<u>\$ 1,042,947</u>	<u>\$ 393,096</u>	<u>\$ (3,364,714)</u>		
COMPONENT UNITS:							
Health and Welfare	\$ 139,684	\$ -	\$ -	\$ -		\$ (139,684)	
Public Safety	577,581	152,000	-	-			\$ (425,581)
Total Component Units	<u>\$ 717,265</u>	<u>\$ 152,000</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ (139,684)</u>	<u>\$ (425,581)</u>
GENERAL RECEIPTS							
Taxes							
Property taxes					\$ 545,117	\$ 144,172	\$ -
Sales taxes					2,578,050	-	-
Emergency Telephone System Tax					-	-	176,399
Interest					3,372	618	309
Other					344,402	223	69,583
Transfers					(153,500)	-	153,500
Total General Receipts					<u>\$ 3,317,441</u>	<u>\$ 145,013</u>	<u>\$ 399,791</u>
Changes in Net Position					(47,273)	5,329	(25,790)
NET POSITION, JANUARY 1					<u>771,591</u>	<u>184,010</u>	<u>124,957</u>
NET POSITION, DECEMBER 31					<u>\$ 724,318</u>	<u>\$ 189,339</u>	<u>99,167</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

RAY COUNTY, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS - CASH BASIS
DECEMBER 31, 2014

	GENERAL REVENUE	SPECIAL ROAD AND BRIDGE	ASSESSMENT	NOXIOUS WEEDS	SENIOR SERVICES BOARD	911 EMERGENCY SERVICES BOARD	OTHER GOVERNMENTAL	TOTAL
ASSETS								
Cash and Investments	\$ 21,087	\$ 154,272	\$ 259,273	\$ 207,572	\$ 209,053	\$ 141,167	\$ 197,402	\$ 1,189,826
Total Assets	<u>\$ 21,087</u>	<u>\$ 154,272</u>	<u>\$ 259,273</u>	<u>\$ 207,572</u>	<u>\$ 209,053</u>	<u>\$ 141,167</u>	<u>\$ 197,402</u>	<u>\$ 1,189,826</u>
FUND BALANCES								
Restricted - Special Revenue Funds	\$ -	\$ 154,272	\$ 259,273	\$ 207,572	\$ 209,053	\$ 141,167	\$ 197,402	\$ 1,168,739
Unassigned	21,087	-	-	-	-	-	-	21,087
Total Fund Balances	<u>\$ 21,087</u>	<u>\$ 154,272</u>	<u>\$ 259,273</u>	<u>\$ 207,572</u>	<u>\$ 209,053</u>	<u>\$ 141,167</u>	<u>\$ 197,402</u>	<u>\$ 1,189,826</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

RAY COUNTY, MISSOURI
BALANCE SHEET - GOVERNMENTAL FUNDS - CASH BASIS
DECEMBER 31, 2013

	GENERAL REVENUE	SPECIAL ROAD AND BRIDGE	ASSESSMENT	NOXIOUS WEEDS	SENIOR SERVICES BOARD	911 EMERGENCY SERVICES BOARD	OTHER GOVERNMENTAL	TOTAL
ASSETS								
Cash and Investments	\$ 53,210	\$ 103,903	\$ 292,500	\$ 106,931	\$ 189,339	\$ 99,167	\$ 167,774	\$ 1,012,824
Total Assets	<u>\$ 53,210</u>	<u>\$ 103,903</u>	<u>\$ 292,500</u>	<u>\$ 106,931</u>	<u>\$ 189,339</u>	<u>\$ 99,167</u>	<u>\$ 167,774</u>	<u>\$ 1,012,824</u>
FUND BALANCES								
Restricted - Special Revenue Funds	\$ -	\$ 103,903	\$ 292,500	\$ 106,931	\$ 189,339	\$ 99,167	\$ 167,774	\$ 959,614
Unassigned	53,210	-	-	-	-	-	-	53,210
Total Fund Balances	<u>\$ 53,210</u>	<u>\$ 103,903</u>	<u>\$ 292,500</u>	<u>\$ 106,931</u>	<u>\$ 189,339</u>	<u>\$ 99,167</u>	<u>\$ 167,774</u>	<u>\$ 1,012,824</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

RAY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - CASH BASIS
YEAR ENDED DECEMBER 31, 2014

	GENERAL REVENUE	SPECIAL ROAD AND BRIDGE	ASSESSMENT	NOXIOUS WEEDS	SENIOR SERVICES BOARD	911 EMERGENCY SERVICES BOARD	OTHER GOVERNMENTAL	TOTAL
RECEIPTS								
Property taxes	\$ -	\$ 426,456	\$ -	\$ 138,808	\$ 143,622	\$ -	\$ -	\$ 708,886
Sales taxes	1,975,996	813,644	-	-	-	176,348	-	2,965,988
Intergovernmental	361,585	1,070,769	55,561	-	-	-	122	1,488,037
Charges for services	812,737	-	263,608	-	-	152,000	142,411	1,370,756
Interest	651	860	1,131	781	589	120	322	4,454
Other	152,530	288,424	27	185	118	90,711	36,487	568,482
Transfers in	87,824	-	10,591	-	-	153,500	-	251,915
Total Receipts	<u>\$ 3,391,323</u>	<u>\$ 2,600,153</u>	<u>\$ 330,918</u>	<u>\$ 139,774</u>	<u>\$ 144,329</u>	<u>\$ 572,679</u>	<u>\$ 179,342</u>	<u>\$ 7,358,518</u>
DISBURSEMENTS								
General government	\$ 1,259,654	\$ -	\$ 364,145	\$ -	\$ -	\$ -	\$ 48,659	\$ 1,672,458
Public safety	1,520,414	-	-	-	-	530,679	52,374	2,103,467
Judicial	443,377	-	-	-	-	-	4,538	447,915
Roads and Bridges	-	2,501,144	-	-	-	-	-	2,501,144
Health and welfare	35,910	-	-	39,133	124,615	-	4,959	204,617
Transfers out	164,091	48,640	-	-	-	-	39,184	251,915
Total Disbursements	<u>\$ 3,423,446</u>	<u>\$ 2,549,784</u>	<u>\$ 364,145</u>	<u>\$ 39,133</u>	<u>\$ 124,615</u>	<u>\$ 530,679</u>	<u>\$ 149,714</u>	<u>\$ 7,181,516</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (32,123)	\$ 50,369	\$ (33,227)	\$ 100,641	\$ 19,714	\$ 42,000	\$ 29,628	\$ 177,002
FUND BALANCE, JANUARY 1	53,210	103,903	292,500	106,931	189,339	99,167	167,774	1,012,824
FUND BALANCE, DECEMBER 31	<u>\$ 21,087</u>	<u>\$ 154,272</u>	<u>\$ 259,273</u>	<u>\$ 207,572</u>	<u>\$ 209,053</u>	<u>\$ 141,167</u>	<u>\$ 197,402</u>	<u>\$ 1,189,826</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

RAY COUNTY, MISSOURI
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - CASH BASIS
YEAR ENDED DECEMBER 31, 2013

	GENERAL REVENUE	SPECIAL ROAD AND BRIDGE	ASSESSMENT	NOXIOUS WEEDS	SENIOR SERVICES BOARD	911 EMERGENCY SERVICES BOARD	OTHER GOVERNMENTAL	TOTAL
RECEIPTS								
Property taxes	\$ -	\$ 408,700	\$ -	\$ 136,417	\$ 144,172	\$ -	\$ -	\$ 689,289
Sales taxes	1,853,501	724,549	-	-	-	176,399	-	2,754,449
Intergovernmental	244,689	1,132,343	57,301	-	-	-	1,710	1,436,043
Charges for services	915,654	-	278,544	-	-	152,000	148,752	1,494,950
Interest	716	535	1,319	430	618	309	372	4,299
Other	240,719	82,128	847	-	223	69,583	20,708	414,208
Transfers in	102,352	-	-	-	-	153,500	-	255,852
Total Receipts	<u>\$ 3,357,631</u>	<u>\$ 2,348,255</u>	<u>\$ 338,011</u>	<u>\$ 136,847</u>	<u>\$ 145,013</u>	<u>\$ 551,791</u>	<u>\$ 171,542</u>	<u>\$ 7,049,090</u>
DISBURSEMENTS								
General government	\$ 1,233,690	\$ -	\$ 294,748	\$ -	\$ -	\$ -	\$ 51,609	\$ 1,580,047
Public safety	1,513,123	-	-	-	-	577,581	75,693	2,166,397
Judicial	460,254	-	-	-	-	-	1,257	461,511
Roads and Bridges	-	2,431,989	-	-	-	-	-	2,431,989
Health and welfare	25,292	-	-	50,912	139,684	-	5,140	221,028
Transfers out	153,500	-	75,000	-	-	-	27,352	255,852
Total Disbursements	<u>\$ 3,385,859</u>	<u>\$ 2,431,989</u>	<u>\$ 369,748</u>	<u>\$ 50,912</u>	<u>\$ 139,684</u>	<u>\$ 577,581</u>	<u>\$ 161,051</u>	<u>\$ 7,116,824</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (28,228)	\$ (83,734)	\$ (31,737)	\$ 85,935	\$ 5,329	\$ (25,790)	\$ 10,491	\$ (67,734)
FUND BALANCE, JANUARY 1	81,438	187,637	324,237	20,996	184,010	124,957	157,283	1,080,558
FUND BALANCE, DECEMBER 31	<u>\$ 53,210</u>	<u>\$ 103,903</u>	<u>\$ 292,500</u>	<u>\$ 106,931</u>	<u>\$ 189,339</u>	<u>\$ 99,167</u>	<u>\$ 167,774</u>	<u>\$ 1,012,824</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF FIDUCIARY ASSETS AND LIABILITIES
December 31,

	<u>2013</u>	<u>2014</u>
Assets		
Cash	\$ 12,073,806	\$ 13,131,997
Total Assets	<u>\$ 12,073,806</u>	<u>\$ 13,131,997</u>
Liabilities		
Due to Other Entities	\$ 12,073,806	\$ 13,131,997
Total Liabilities	<u>\$ 12,073,806</u>	<u>\$ 13,131,997</u>

The accompanying Notes to the Financial Statements are an integral part of these statements.

RAY COUNTY, MISSOURI
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2014 and 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ray County, Missouri (“County”), is governed by a three-member board of commissioners. In addition to the three board members, there are ten elected Constitutional Officers: Assessor, Circuit Clerk, Collector, Coroner, County Clerk, Prosecuting Attorney, Public Administrator, Recorder, Sheriff, and Treasurer.

The financial statements of Ray County, Missouri (the County) have been prepared on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The County has adopted the reporting model as required by GASB Statement 34, for the presentation of information in the government-wide financial statements and the major fund statements. The more significant of the County’s accounting policies are described below.

A. Reporting Entity

In evaluating the County as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the County may be financially accountable and, as such, should be included within the County’s financial statements. The County (the primary government) is financially accountable if it appoints a voting majority of the organization’s governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit or to impose specific financial burden on the County. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The financial statements referred to above include the primary government of Ray County, Missouri, which consists of all funds, organizations, institutions, agencies, departments, and offices that are considered to comprise the County's legal entity. The following component units are separate legal entities that are required to be included in the scope of our audit:

Ray County 911 Emergency Services Board – The Board was established under Section 190.309, RSMo to provide emergency telephone dispatch services within Ray County. The operations of the Board are funded by a telephone tax collected from various telephone service providers and from contributions from entities within Ray County that benefit from the Board’s services.

Ray County Senior Services Board – The Board was established to provide programs and services that enhance the health, nutrition, and quality of life of Ray County seniors aged 60 or older. These programs and services are funded by a property tax levy passed specifically for the Board’s purpose and are distributed to local service providers at the Board’s discretion.

B. Basis of Presentation

Government-wide Financial Statements:

The statements of net assets and the statements of activities display financial information about the reporting government as a whole. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or identifiable activity. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or identifiable activity, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or identifiable activity. Taxes and other items not included among program revenues are reported as general revenues.

Fund Financial Statements:

Financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts, which constitute its assets, liabilities, net position/fund balance, revenues, and expenditure/expenses.

The accompanying financial statements are structured into one category of funds - governmental. Governmental funds are those through which most governmental functions are typically financed. Reporting for such funds focuses on the sources, uses, and balances of current resources. The county’s major governmental funds are as follows:

General Revenue Fund - The General Revenue Fund is used to account for all revenues and expenditures applicable to the general operations of county government that are not properly accounted for in another fund. All general operating revenues that are not restricted or designated as to their use by outside sources are recorded in the General Revenue fund. Revenues are derived primarily from taxes and intergovernmental revenues.

Special Road and Bridge Fund – A special revenue fund used to account for receipts of State distributions and Federal grants and related expenditures for road maintenance and improvement projects.

Assessment – A special revenue fund used to account for receipt of property tax percentage fee collections and other intergovernmental receipts for the purpose of funding the operations of the County Assessor’s office.

Noxious Weeds – A special revenue fund used to account for receipt of property tax collections for the purpose of eradicating noxious weeds from the County.

Fiduciary funds account for assets held by the county as a trustee or an agent for individuals, private organizations, other governments, or other funds. Fiduciary fund reporting focuses on net assets and changes in net assets; fiduciary assets are reported in a separate Comparative Statements of Fiduciary Assets and Liabilities because the County cannot use those assets to finance its operations. The County’s fiduciary funds consist of agency funds, which report assets held in a purely custodial capacity and do not involve measurement of results of operations. The agency funds include balances held by the County Collector and Treasurer for distribution to various school, fire, road, and other districts within the County.

C. Basis of Accounting

The Government-wide financial statements and fund financial statements are prepared using the cash basis of accounting. This basis of accounting recognizes assets, liabilities, net position/fund balance, revenues, and expenditures when they result from cash transactions. This basis is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

As a result of the use of this cash basis of accounting, certain assets (such as accounts receivable and capital assets), certain revenues (such as revenue for billed or provided services not yet collected), certain liabilities (such as accounts payable, notes payable, revenue bonds, and obligations under capital leases) and certain expenditures (such as expenditures for goods or services received but not yet paid) are not recorded in these financial statements.

If the County utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary funds and all government-wide financial statements would be presented on the accrual basis of accounting.

D. Budgets and Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. In accordance with Chapter 50 RSMo, the County's policy is to adopt a budget for each governmental fund.
2. On or before the second Monday in January, each elected officer and department director will transmit to the County Commission and County Clerk, who serves as budget officer, the budget request and revenue estimates for their office or department for the budget year.

3. The County Clerk submits to the County Commission a proposed budget for the fiscal year beginning January 1. The proposed budget includes estimated revenues and proposed expenditures, on the cash basis of accounting, for all budgeted funds. Budgeting of appropriations is based upon an estimated fund balance at the beginning of the year as well as estimated revenues to be received.
4. State law requires that, at the individual fund level, budgeted expenditures not exceed budgeted revenues plus anticipated beginning fund balance. All funds had budgeted expenditures which did not exceed budgeted revenues plus anticipated beginning fund balance.
5. A public hearing is conducted to obtain public comment on the budget. Prior to its approval by the County Commission, the budget document is available for public inspection, which usually takes place the third and fourth weeks of January.
6. The County is required to legally enact the budget by a vote of the County Commission prior to February 1. However, the County did not enact the budgets for 2013 and 2014 until March. See finding and recommendation item 2.
7. Subsequent to its formal approval of the budget, the County Commission has the authority to make necessary adjustments to the budget by a formal vote of the Commission. Budgeted amounts are as originally adopted, or as amended by the County Commission throughout the year.
8. Budgets are prepared and adopted on the cash basis of accounting.
9. Adoption of a formal budget is required by law.
10. Section 50.740 RSMo. prohibits expenditures in excess of the approved budgets. Actual expenditures exceeded budgeted amounts for the following funds:

	<u>2013</u>	<u>2014</u>
General Revenue	X	X
Special Road and Bridge	X	
Assessment	X	
Officer Training	X	X
Domestic Violence	X	X
Prosecuting Attorney Delinquent Tax		X
Recorder	X	X
Noxious Weeds	X	
Bad Check	X	
County Law Enforcement	X	
Sheriff Extradition	X	
Sheriff's Revolving	X	X
Inmate Prisoner Detainee		X
Election 5%	X	X
911 Emergency Services Board	X	
Drug Court		X

- E. Property taxes are based on the voter-approved tax levy applied to the real and personal assessed property values. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and are payable by December 31. All unpaid property taxes become delinquent as of January 1 of the following year.

The assessed valuations of the tangible taxable property, included within the County's boundaries for the calendar years 2014 and 2013, for purposes of taxation were:

	2013		
	Road & Bridge	Senior Services	Noxious Weeds
Real Estate	\$ 81,453,508	\$216,514,849	\$216,514,849
Personal Property	28,180,996	72,973,331	72,973,331
Total	<u>\$109,634,504</u>	<u>\$289,488,180</u>	<u>\$289,488,180</u>

	2014		
	Road & Bridge	Senior Services	Noxious Weeds
Real Estate	\$ 82,231,079	\$219,197,736	\$219,197,736
Personal Property	28,997,048	72,522,941	72,522,941
Total	<u>\$111,228,127</u>	<u>\$291,720,677</u>	<u>\$291,720,677</u>

The Commission approved a tax levy per \$100 of assessed valuation of tangible taxable property for the calendar years 2014 and 2013, for purposes of County taxation, as follows:

	2013	2014
Special Road & Bridge	\$ 0.2669	\$ 0.5088
Senior Services	0.0500	0.0500
Noxious Weeds	0.0489	0.0489

F. Equity Classifications

Government-wide Financial Statements

Equity is classified as net assets and displayed in two components:

1. Restricted net position—Consists of net assets with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments or, 2) law through constitutional provisions or enabling legislation.
2. Unrestricted net position—All other net assets that do not meet the definition of “restricted”.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Financial Statements

Governmental fund balances are classified as nonspendable, restricted, committed, assigned, or unassigned. Nonspendable fund balance cannot be spent because of its form. Restricted fund balance has limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions. Committed fund balance is a limitation imposed by the County Commission through approval of resolutions. Committed fund balance can be assigned for other uses only by similar action of the Commission. Assigned fund balances is a limitation imposed by a designee of the Commission. Unassigned fund balance in the General Revenue fund is the net resources in excess of what can be properly classified in one of the above four categories.

G. Cash Deposits and Investments

Cash and investments are stated at cost, which approximates market. Cash balances for all the County Treasurer funds are pooled and invested to the extent possible. Interest earned from such investments is allocated to each of the funds based on the funds' average daily cash balance. Cash equivalents may include repurchase agreements and any other instruments with an original maturity of ninety days or less. State law authorizes the deposit of funds in banks and trust companies or the investment of funds in bonds or treasury certificates of the United States, other interest bearing obligations guaranteed as to both principal and interest by the United States, bonds of the State of Missouri or other government bonds, or time certificates of deposit, purchased at a price at or below par. Funds in the form of cash on deposit or time certificates of deposit are required to be insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized by authorized investments held in the County's name at third-party banking institutions. The cash and investment balances are detailed in Note 2.

H. Interfund Activity

During the course of operations, interfund activity occurs for purposes of providing supplemental funding, reimbursements for goods provided or services rendered, or short and long-term financing. Interfund activities are reported as "transfers in" by the recipient fund and as "transfers out" by the disbursing fund. Interfund transfers between funds of the primary government have been eliminated from the government-wide financial statements.

I. Long-Term Debt

Consistent with the cash basis of accounting, long-term debt is not reported in the government-wide or fund financial statements. Proceeds from debt issuances are reported when received, and payments of principle and interest are reported when disbursements are made.

J. New Accounting Pronouncements

The County has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for periods beginning after June 15, 2010, which enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing

governmental fund type definitions. Implementation of this statement changed the way the County reported net position on the governmental fund Balance Sheet.

2. CASH AND INVESTMENTS

The County maintains a cash and temporary investment pool that is available for use by all funds. Each fund's portion of this pool is displayed on the financial statements within the "Cash and Investments" caption. Cash includes both deposits and certificates of deposit with maturities less than 90 days. For the purposes of these disclosures, deposits with financial institutions are demand, time, and savings accounts, including certificates of deposit and negotiable order of withdrawal accounts, in banks, savings institutions, and credit unions, and short-term U.S. Treasury bills. Investments consist of certificates of deposit with maturities greater than 90 days.

Custodial Credit Risk - Deposits - Custodial credit risk is the risk that in the event of a bank failure, a government's deposits may not be returned to it. Missouri statutes require that all deposits with financial institutions be collateralized in an amount at least equal to uninsured deposits. At December 31, 2014 and 2013, the carrying amounts of the primary County government's deposits were \$839,606 and \$724,318, respectively, and the bank balances were \$1,163,702 and \$1,019,993, respectively. Of the bank balances, \$265,181 at December 31, 2014 and \$270,598 at December 31, 2013 were covered by federal depository insurance. The remainder of the balances at December 31, 2014 and 2013 were covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name or by a line of credit held by the County or by its agent in the County's name. At December 31, 2014 and 2013, the carrying amounts of the 911 Emergency Services Board's deposits were \$141,167 and \$99,167, respectively. The bank balances of \$141,192 and \$104,942 at December 31, 2014 and 2013, respectively, were covered entirely by federal depository insurance. At December 31, 2014 and 2013, the carrying amounts of the Senior Services Board's deposits were \$209,053 and \$189,339, respectively. The bank balances of \$183,051 and \$163,654 at December 31, 2014 and 2013, respectively, were covered entirely by federal depository insurance.

At December 31, 2014 and 2013, the County Collector held, in addition to the cash and investments listed above, cash representing collections of property taxes on behalf of various taxing districts in the County. Tax collections on deposit amounted to \$12,365,216 and \$12,013,336 at December 31, 2014 and 2013, respectively. Of the bank balances, \$750,000 for both December 31, 2014 and December 31, 2013, were covered by federal depository insurance. The remainder of the balances held by the Collector at Bank Midwest and the Bank of Orrick at December 31, 2014 and 2013 were covered by collateral held at the Federal Reserve Bank and the County's safekeeping bank agent in the County's name or by a line of credit held by the County or by its agent in the County's name. However, the Collector held balances at Lawson Bank in excess of FDIC coverage that were not fully covered by collateral. At December 31, 2014, the Collector's Lawson Bank deposits were under-collateralized by \$144,689, and at December 31, 2013, the deposits were under-collateralized by \$230,067.

3. INTERFUND TRANSFERS

The County made the following interfund transfers between governmental funds of the primary government:

	Year Ended December 31, 2014	
	Transfers In	
	General Revenue	Assessment
Transfers Out		
General Revenue	\$ -	\$ 10,591
Special Road & Bridge	48,640	-
Non-Major Funds	39,184	-
	Year Ended December 31, 2013	
	Transfers In	
	General Revenue	
Assessment	\$ 75,000	
Non-Major Funds	27,352	

4. COUNTY EMPLOYEES RETIREMENT PLANS

A. County Employees' Retirement Fund (CERF)

The County Employee's Retirement Fund was established by the State of Missouri to provide pension benefits for County officials and employees.

1) Plan Description

The Retirement Fund is a cost-sharing multiple employer defined benefit pension plan covering any county elective or appointed officer or employee whose performance requires the actual performance of duties during not less than one thousand (1,000) hours per calendar year in each county of the state, except for any city not within a county and any county of the first classification having a charter form of government. It does not include county prosecuting attorneys covered under Sections 56.800 to 56.840, RSMo, circuit clerks and deputy circuit clerks covered under the Missouri State Retirement System, county sheriffs covered under Sections 57.949 to 57.997, RSMo and certain personnel not defined as an employee per Section 50.1000(8), RSMo. The Fund was created by an act of the legislature and was effective August 28, 1994.

The general administration and the responsibility for the proper operation of the fund and the investment of the fund are vested in a board of directors of eleven persons.

2) Pension Benefits

Beginning January 1, 1997, employees attaining the age of sixty-two years may retire with full benefits with eight or more years of creditable service. The monthly benefit for County Employees is determined by selecting the highest benefit calculated using three different prescribed formulas (flat-dollar formula, targeted replacement ratio formula,

and prior plan's formula). A death benefit of \$10,000 will be paid to the designated beneficiary of every active member upon his or her death.

Upon termination of employment, any member who is vested is entitled to a deferred annuity, payable at age sixty-two. Early retirement is at age fifty-five with a reduced benefit. Any member with less than eight years of creditable service forfeits all rights in the fund but will be paid his or her accumulated contributions.

The County Employees' Retirement Fund issues audited financial statements. Copies of these statements may be obtained from the Board of Directors of CERF by writing to CERF, 2121 Schotthill Woods Drive, Jefferson City, MO 65101, or by calling 573-632-9203.

3) Funding Policy

In accordance with State Statutes, the Plan is partially funded through various fees collected by counties and remitted to the CERF. Further, a contribution to CERF of 2% of annual salary is required for eligible employees hired before February 2002, while a contribution of 6% of annual salary is required of employees hired after February 2002, in order to participate in CERF. During 2014 and 2013, the County collected and remitted to CERF employee contributions of approximately \$89,528 and \$95,582 respectively, for the years then ended.

B. LOCAL GOVERNMENT EMPLOYEES RETIREMENT SYSTEM

1) Plan Description

Ray County participates in the Missouri Local Government Employees Retirement System (LAGERS), an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for local government entities in Missouri. LAGERS is a defined benefit pension plan which provides retirement, disability, and death benefits to plan members and beneficiaries. LAGERS was created and is governed by statute, section RSMo. 70.600 - 70.755. As such, it is the system's responsibility to administer the law in accordance with the expressed intent of the General Assembly. The plan is qualified under the Internal Revenue Code Section 401(a) and it is tax exempt.

The Missouri Local Government Employees Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to LAGERS, P.O. Box 1665, Jefferson City, Missouri 65102 or by calling 1-800-447-4334.

2) Pension Benefits

Benefits are available to all full-time employees working in a LAGERS covered department. Benefits vest when an employee earns five years (60 months) of service credit in the system. Normal retirement age is 60 (General) or 55 (Police), and early retirement is 55 (General) and 50 (Police). Benefits are paid out using a formula that is based on the employee's final average salary and amount of credited service time.

3) Funding Policy

Full-time employees of Ray County do not contribute to the pension plan. The June 30th statutorily required contribution rates were 8.3% and 9.6% (General), and 11.5% and 11.8% (Police) of annual covered payroll for 2014 and 2013, respectively. The contribution requirements of plan members are determined by the governing body of the political subdivision. The contribution provisions of the political subdivision are established by state statute. For the years ended December 31, 2014 and 2013, the County contributed \$223,425 and \$238,866 to LAGERS.

5. POST-EMPLOYMENT BENEFITS

The County does not provide post-employment benefits except as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the County.

6. CLAIMS, COMMITMENTS, AND CONTINGENCIES

A. Federal and State Assisted Programs

The County has received proceeds from several federal and state grants. Periodic audits of these grants, when performed, could result in the disallowance of certain costs. Accordingly, such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds, if determined necessary, will be immaterial and, therefore, no provision has been made in the accompanying financial statements for the potential refund of grant monies.

B. Compensated Absences

The County provides full time employees with one day per calendar month worked of compensated sick leave, up to a maximum of 90 days. Full-time employees having a minimum of five years of service may receive compensation for ¼ of accrued sick leave, up to a maximum of one month. Vacation time is accrued for every full time employee beginning with the second year of employment at a rate of two weeks per year. Employees with eight or more years of employment earn three weeks per year of vacation leave. Any days not used by the end of the year will be lost. Upon voluntary separation, an employee may receive compensation for unused accrued vacation leave.

C. Litigation

The County is involved in pending litigation as of the audit report date. The County's management and legal counsel anticipate that the potential claims, if any, against the County resulting from such litigation would not have a material effect on the financial position of the County.

7. RISK MANAGEMENT

The County is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters, and has established a risk management strategy that attempts to minimize losses and the carrying costs of insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

The County is a member participant in a public entity risk pool which is a corporate and political body. The purpose of the risk pool is to provide liability protection to participating public entities, their officials, and employees. Annual contributions are collected based on actuarial projections which are intended to produce sufficient funds to pay losses and expenses. Should contributions not produce sufficient funds to meet its obligations, the risk pool is empowered with the ability to make special assessments. Members are jointly and severally liable for all claims against the risk pool.

The County is also a member of the Missouri Rural Services Corporation Workers Compensation and Insurance Fund. The County purchases workers' compensation insurance through this Fund, a non-profit corporation established for the purpose of providing insurance coverage for Missouri counties. The Fund is self-insured up to \$2,000,000 per occurrence and is reinsured up to the statutory limit through excess insurance.

8. OUTSTANDING DEBT

The County had the following debt outstanding at December 31, 2014:

- A. \$50,000 on a \$100,000 revolving line of credit for the operations of the General Revenue fund. The outstanding balance on the line of credit is to be paid back in full by March 12, 2015, plus interest at 4.75%. The line of credit was subsequently renewed for another year in March 2015.
- B. \$12,068 on a loan for the purchase of vehicles for the Sheriff's department. The loan is payable in payments of \$5,782 with payments to be made on January 1 and July 1 each year. The final payment is scheduled for July 1, 2016. The loan has an interest rate of 3.875%.
- C. \$50,000 on a six-month loan for the operations of the Road and Bridge department. The balance is to be paid back in full by March 12, 2015, plus interest at 4.75%. The loan payment was made on February 22, 2015.
- D. \$100,000 on a \$100,000 revolving line of credit for the operations of the Road and Bridge department. The outstanding balance on the line of credit is to be paid back in full by March 12, 2015, plus interest at 4.75%. The outstanding balance was subsequently paid on March 11, 2015 and the line of credit was renewed for another year through March 2016.
- E. \$65,000 on a loan to the General Revenue fund from the Assessment fund. A \$75,000 loan was approved by the Commission in November 2013, with repayment to be made within 18 months of the transfer date. The loan has an interest rate of .075%.
- F. \$2,712 on a loan from the Missouri Department of Natural Resources. The loan is to be paid back in semi-annual payments of \$3,067, with a final payment of \$2,712 due in February 2015. No interest was charged on the loan.

9. CAPITAL LEASE

At December 31, 2014, the County owed \$96,250 under a five-year capital lease for a new John Deere wheel loader through John Deere Financial. The lease is to be paid in annual payments of \$20,888, which include interest at 2.75%, due each December through 2019. At the end of the lease, the County can purchase the equipment by making a payment of \$1.

10. SUBSEQUENT EVENTS

The County has evaluated events subsequent to December 31, 2014 to assess the need for potential recognition or disclosure in the financial statements. Such events were evaluated through July 28, 2015, the date the financial statements were available to be issued. Based upon this evaluation, it was determined that no subsequent events occurred that require recognition or additional disclosure in the financial statements.

SUPPLEMENTARY INFORMATION

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CASH BASIS

GENERAL REVENUE FUND				
Year Ended December 31,				
	2013		2014	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	1,850,000	1,853,501	1,870,000	1,975,996
Intergovernmental	247,588	244,689	251,748	361,585
Charges for services	863,723	915,654	953,951	812,737
Interest	600	716	500	651
Other	205,932	240,719	148,791	152,530
Transfers in	-	102,352	-	87,824
Total Receipts	<u>\$ 3,167,843</u>	<u>\$ 3,357,631</u>	<u>\$ 3,224,990</u>	<u>\$ 3,391,323</u>
DISBURSEMENTS				
County Commission	\$ 153,683	\$ 154,852	\$ 158,331	\$ 154,064
County Clerk	119,263	120,187	117,434	118,675
Treasurer	65,726	66,182	64,738	66,658
Circuit Clerk	61,340	68,660	66,707	67,058
Sheriff	551,336	559,794	588,659	587,523
Collector	161,892	174,827	170,293	169,427
Prosecuting Attorney	368,131	375,778	365,699	357,977
Recorder	113,024	117,865	124,649	125,437
Janitor	51,233	51,232	50,665	50,666
Coroner	31,738	25,292	29,597	35,909
Juvenile	19,750	21,473	20,802	24,388
Election	26,553	24,071	97,683	67,099
Planning & Zoning	45,516	43,875	44,756	44,346
Circuit Judge	2,962	2,534	4,270	2,126
Court Reporter	881	700	2,325	456
Jail	809,961	931,855	822,693	908,503
Building & Grounds	117,308	124,859	110,270	182,551
Insurance & Bonds	109,533	119,213	101,688	103,148
Legal Publications	519	322	500	394
Other Expense	9,962	9,961	9,527	10,057
Public Administrator	95,710	95,128	94,715	97,058
Historical Society	6,000	6,000	6,000	6,000
Jury Script	8,000	5,087	7,000	3,695
Loan Payments	90,000	125,117	-	64,076
Public Defender	7,410	7,495	7,500	7,564
PA Retirement	-	-	3,500	4,500
Transfers out	153,500	153,500	153,500	164,091
Emergency fund	-	-	-	-
Total Disbursements	<u>\$ 3,180,931</u>	<u>\$ 3,385,859</u>	<u>\$ 3,223,501</u>	<u>\$ 3,423,446</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	\$ (13,088)	\$ (28,228)	\$ 1,489	\$ (32,123)
FUND BALANCE, JANUARY 1	<u>81,438</u>	<u>81,438</u>	<u>53,210</u>	<u>53,210</u>
FUND BALANCE, DECEMBER 31	<u>\$ 68,350</u>	<u>\$ 53,210</u>	<u>\$ 54,699</u>	<u>\$ 21,087</u>

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CASH BASIS

	SPECIAL ROAD AND BRIDGE FUND				ASSESSMENT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 409,640	\$ 408,700	\$ 408,701	\$ 426,456	\$ -	\$ -	\$ -	\$ -
Sales taxes	820,000	724,549	795,000	813,644	-	-	-	-
Intergovernmental	1,137,570	1,132,343	1,919,089	1,070,769	59,480	57,301	58,970	55,561
Charges for services	-	-	-	-	274,830	278,544	276,000	263,608
Interest	640	535	535	860	500	1,319	850	1,131
Other	7,537	82,128	7,128	288,424	300	847	28,630	27
Transfers in	-	-	-	-	-	-	-	10,591
Total Receipts	<u>\$ 2,375,387</u>	<u>\$ 2,348,255</u>	<u>\$ 3,130,453</u>	<u>\$ 2,600,153</u>	<u>\$ 335,110</u>	<u>\$ 338,011</u>	<u>\$ 364,450</u>	<u>\$ 330,918</u>
DISBURSEMENTS								
Salaries	\$ 502,538	\$ 497,213	\$ 497,213	\$ 513,843	\$ 193,710	\$ 182,003	\$ 205,930	\$ 193,412
Employee fringe benefits	120,809	110,275	107,426	103,244	66,300	61,623	77,590	72,642
Materials and Supplies	430,600	482,383	500,100	333,324	15,500	5,277	20,900	11,125
Services and Other	557,850	550,619	553,763	624,891	19,250	17,815	23,150	55,693
Capital Outlay	292,000	280,474	239,000	426,617	40,350	28,030	36,880	31,273
Construction	460,000	511,025	1,214,842	499,225	-	-	-	-
Transfers out	-	-	-	48,640	-	75,000	-	-
Total Disbursements	<u>\$ 2,363,797</u>	<u>\$ 2,431,989</u>	<u>\$ 3,112,344</u>	<u>\$ 2,549,784</u>	<u>\$ 335,110</u>	<u>\$ 369,748</u>	<u>\$ 364,450</u>	<u>\$ 364,145</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ 11,590	\$ (83,734)	\$ 18,109	\$ 50,369	\$ -	\$ (31,737)	\$ -	\$ (33,227)
FUND BALANCE, JANUARY 1	<u>187,637</u>	<u>187,637</u>	<u>103,903</u>	<u>103,903</u>	<u>324,237</u>	<u>324,237</u>	<u>292,500</u>	<u>292,500</u>
FUND BALANCE, DECEMBER 31	<u>\$ 199,227</u>	<u>\$ 103,903</u>	<u>\$ 122,012</u>	<u>\$ 154,272</u>	<u>\$ 324,237</u>	<u>\$ 292,500</u>	<u>\$ 292,500</u>	<u>\$ 259,273</u>

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CASH BASIS

	NOXIOUS WEEDS FUND				SENIOR SERVICES BOARD			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ 128,000	\$ 136,417	\$ 136,500	\$ 138,808	\$ 145,000	\$ 144,172	\$ 140,000	\$ 143,622
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	175	430	500	781	-	618	-	589
Other	-	-	-	185	-	223	-	118
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 128,175</u>	<u>\$ 136,847</u>	<u>\$ 137,000</u>	<u>\$ 139,774</u>	<u>\$ 145,000</u>	<u>\$ 145,013</u>	<u>\$ 140,000</u>	<u>\$ 144,329</u>
DISBURSEMENTS								
Salaries	\$ 36,206	\$ 38,809	\$ 38,809	\$ 32,183	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	3,176	3,374	3,375	2,868	-	-	-	-
Materials and Supplies	7,750	5,315	100	19	2,000	3,026	2,400	3,023
Services and Other	3,050	3,414	9,059	4,063	138,900	136,658	132,600	121,592
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 50,182</u>	<u>\$ 50,912</u>	<u>\$ 51,343</u>	<u>\$ 39,133</u>	<u>\$ 140,900</u>	<u>\$ 139,684</u>	<u>\$ 135,000</u>	<u>\$ 124,615</u>
RECEIPTS OVER (UNDER) DISBURSEMENTS	\$ 77,993	\$ 85,935	\$ 85,657	\$ 100,641	\$ 4,100	\$ 5,329	\$ 5,000	\$ 19,714
FUND BALANCE, JANUARY 1	<u>20,996</u>	<u>20,996</u>	<u>106,931</u>	<u>106,931</u>	<u>184,010</u>	<u>184,010</u>	<u>189,339</u>	<u>189,339</u>
FUND BALANCE, DECEMBER 31	<u>\$ 98,989</u>	<u>\$ 106,931</u>	<u>\$ 192,588</u>	<u>\$ 207,572</u>	<u>\$ 188,110</u>	<u>\$ 189,339</u>	<u>\$ 194,339</u>	<u>\$ 209,053</u>

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CASH BASIS

	911 EMERGENCY SERVICES BOARD				TAX MAINTENANCE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	200,000	176,399	165,000	176,348	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	152,000	152,000	152,000	152,000	40,800	39,925	40,800	41,585
Interest	500	309	240	120	-	47	-	51
Other	72,000	69,583	75,000	90,711	-	-	-	159
Transfers in	153,500	153,500	153,500	153,500	-	-	-	-
Total Receipts	<u>\$ 578,000</u>	<u>\$ 551,791</u>	<u>\$ 545,740</u>	<u>\$ 572,679</u>	<u>\$ 40,800</u>	<u>\$ 39,972</u>	<u>\$ 40,800</u>	<u>\$ 41,795</u>
DISBURSEMENTS								
Salaries	\$ 340,072	\$ 350,567	\$ 306,712	\$ 309,505	\$ 15,800	\$ -	\$ 15,800	\$ -
Employee fringe benefits	73,718	57,509	73,093	48,308	5,170	1,224	2,200	-
Materials and Supplies	5,525	4,096	7,300	4,961	3,000	181	3,000	755
Services and Other	144,486	152,382	153,599	162,065	10,350	10,897	11,350	12,080
Capital Outlay	11,000	13,027	4,460	5,840	9,750	14,347	11,720	9,178
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	11,523	-	20,636
Total Disbursements	<u>\$ 574,801</u>	<u>\$ 577,581</u>	<u>\$ 545,164</u>	<u>\$ 530,679</u>	<u>\$ 44,070</u>	<u>\$ 38,172</u>	<u>\$ 44,070</u>	<u>\$ 42,649</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ 3,199	\$ (25,790)	\$ 576	\$ 42,000	\$ (3,270)	\$ 1,800	\$ (3,270)	\$ (854)
FUND BALANCE, JANUARY 1	<u>124,957</u>	<u>124,957</u>	<u>99,167</u>	<u>99,167</u>	<u>13,614</u>	<u>13,615</u>	<u>15,415</u>	<u>15,415</u>
FUND BALANCE, DECEMBER 31	<u>\$ 128,156</u>	<u>\$ 99,167</u>	<u>\$ 99,743</u>	<u>\$ 141,167</u>	<u>\$ 10,344</u>	<u>\$ 15,415</u>	<u>\$ 12,145</u>	<u>\$ 14,561</u>

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CASH BASIS

	OFFICER TRAINING FUND				PROSECUTING ATTORNEY TRAINING FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	2,700	2,172	2,200	2,921	700	550	500	728
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	<u>\$ 2,700</u>	<u>\$ 2,172</u>	<u>\$ 2,200</u>	<u>\$ 2,921</u>	<u>\$ 700</u>	<u>\$ 550</u>	<u>\$ 500</u>	<u>\$ 728</u>
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	2,700	3,839	2,200	2,506	1,000	-	800	552
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	<u>\$ 2,700</u>	<u>\$ 3,839</u>	<u>\$ 2,200</u>	<u>\$ 2,506</u>	<u>\$ 1,000</u>	<u>\$ -</u>	<u>\$ 800</u>	<u>\$ 552</u>
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ -	\$ (1,667)	\$ -	\$ 415	\$ (300)	\$ 550	\$ (300)	\$ 176
FUND BALANCE, JANUARY 1	<u>4,913</u>	<u>4,913</u>	<u>3,246</u>	<u>3,246</u>	<u>408</u>	<u>408</u>	<u>958</u>	<u>958</u>
FUND BALANCE, DECEMBER 31	<u>\$ 4,913</u>	<u>\$ 3,246</u>	<u>\$ 3,246</u>	<u>\$ 3,661</u>	<u>\$ 108</u>	<u>\$ 958</u>	<u>\$ 658</u>	<u>\$ 1,134</u>

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CASH BASIS

	DOMESTIC VIOLENCE FUND				PROSECUTING ATTORNEY DELINQUENT TAX FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	2,500	1,710	1,600	122
Charges for services	4,500	4,552	4,500	5,136	-	-	-	-
Interest	20	33	30	37	-	53	-	74
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ 4,520	\$ 4,585	\$ 4,530	\$ 5,173	\$ 2,500	\$ 1,763	\$ 1,600	\$ 196
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	4,800	5,140	4,900	4,959	-	-	-	218
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 4,800	\$ 5,140	\$ 4,900	\$ 4,959	\$ -	\$ -	\$ -	\$ 218
RECEIPTS OVER (UNDER)	\$ (280)	\$ (555)	\$ (370)	\$ 214	\$ 2,500	\$ 1,763	\$ 1,600	\$ (22)
FUND BALANCE, JANUARY 1	3,933	3,933	3,378	3,378	9,388	9,388	11,151	11,151
FUND BALANCE, DECEMBER 31	\$ 3,653	\$ 3,378	\$ 3,008	\$ 3,592	\$ 11,888	\$ 11,151	\$ 12,751	\$ 11,129

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CASH BASIS

	SALES TAX SURPLUS FUND				RECORDER FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	13,000	13,594	13,000	11,722
Interest	20	33	25	37	-	67	-	53
Other	2,500	29	2,500	609	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ 2,520	\$ 62	\$ 2,525	\$ 646	\$ 13,000	\$ 13,661	\$ 13,000	\$ 11,775
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	4,000	1,342	1,700	195	11,000	11,365	11,000	17,125
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 4,000	\$ 1,342	\$ 1,700	\$ 195	\$ 11,000	\$ 11,365	\$ 11,000	\$ 17,125
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (1,480)	\$ (1,280)	\$ 825	\$ 451	\$ 2,000	\$ 2,296	\$ 2,000	\$ (5,350)
FUND BALANCE, JANUARY 1	9,062	9,062	7,782	7,782	15,521	15,521	17,817	17,817
FUND BALANCE, DECEMBER 31	\$ 7,582	\$ 7,782	\$ 8,607	\$ 8,233	\$ 17,521	\$ 17,817	\$ 19,817	\$ 12,467

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CASH BASIS

	SHERIFF ACCOUNT FUND				BAD CHECK FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	50,000	28,861	50,000	28,043	15,000	16,463	10,000	12,235
Interest	-	33	-	48	-	83	-	22
Other	-	844	-	761	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ 50,000	\$ 29,738	\$ 50,000	\$ 28,852	\$ 15,000	\$ 16,546	\$ 10,000	\$ 12,257
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	50,000	18,383	50,000	20,445	7,000	11,544	20,000	2,768
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	2,100	-	3,575	-	13,729	-	14,973
Total Disbursements	\$ 50,000	\$ 20,483	\$ 50,000	\$ 24,020	\$ 7,000	\$ 25,273	\$ 20,000	\$ 17,741
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ -	\$ 9,255	\$ -	\$ 4,832	\$ 8,000	\$ (8,727)	\$ (10,000)	\$ (5,484)
FUND BALANCE, JANUARY 1	7,317	7,317	16,572	16,572	29,325	29,325	20,598	20,598
FUND BALANCE, DECEMBER 31	\$ 7,317	\$ 16,572	\$ 16,572	\$ 21,404	\$ 37,325	\$ 20,598	\$ 10,598	\$ 15,114

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CASH BASIS

	JUVENILE IV E FUND				DRUG COURT FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	4,300	3,875	3,700	6,465
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ -	\$ -	\$ -	\$ -	\$ 4,300	\$ 3,875	\$ 3,700	\$ 6,465
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	576	-	500	-	2,500	1,257	1,600	3,768
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 576	\$ -	\$ 500	\$ -	\$ 2,500	\$ 1,257	\$ 1,600	\$ 3,768
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (576)	\$ -	\$ (500)	\$ -	\$ 1,800	\$ 2,618	\$ 2,100	\$ 2,697
FUND BALANCE, JANUARY 1	578	578	578	578	18,228	18,228	20,846	20,846
FUND BALANCE, DECEMBER 31	\$ 2	\$ 578	\$ 78	\$ 578	\$ 20,028	\$ 20,846	\$ 22,946	\$ 23,543

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CASH BASIS

	COUNTY LAW ENFORCEMENT FUND				SHERIFF EXTRADITION FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	1,000	2,571	2,500	1,578
Interest	-	-	-	-	-	-	-	-
Other	13,000	16,658	23,000	23,734	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ 13,000	\$ 16,658	\$ 23,000	\$ 23,734	\$ 1,000	\$ 2,571	\$ 2,500	\$ 1,578
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	13,000	23,044	23,000	6,528	-	-	-	-
Services and Other	-	-	-	-	1,000	2,352	2,500	549
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 13,000	\$ 23,044	\$ 23,000	\$ 6,528	\$ 1,000	\$ 2,352	\$ 2,500	\$ 549
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ -	\$ (6,386)	\$ -	\$ 17,206	\$ -	\$ 219	\$ -	\$ 1,029
FUND BALANCE, JANUARY 1	18,198	18,198	11,812	11,812	363	363	582	582
FUND BALANCE, DECEMBER 31	\$ 18,198	\$ 11,812	\$ 11,812	\$ 29,018	\$ 363	\$ 582	\$ 582	\$ 1,611

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CASH BASIS

	SHERIFF'S REVOLVING FUND				INMATE PRISONER DETAINEE FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	23,000	35,110	35,000	28,540	-	1,079	2,000	3,458
Interest	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	592	600	2,835
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ 23,000	\$ 35,110	\$ 35,000	\$ 28,540	\$ -	\$ 1,671	\$ 2,600	\$ 6,293
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	-	-
Services and Other	15,000	26,904	15,000	15,479	-	-	-	5,500
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 15,000	\$ 26,904	\$ 15,000	\$ 15,479	\$ -	\$ -	\$ -	\$ 5,500
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ 8,000	\$ 8,206	\$ 20,000	\$ 13,061	\$ -	\$ 1,671	\$ 2,600	\$ 793
FUND BALANCE, JANUARY 1	16,437	16,437	24,643	24,643	-	-	1,671	1,671
FUND BALANCE, DECEMBER 31	\$ 24,437	\$ 24,643	\$ 44,643	\$ 37,704	\$ -	\$ 1,671	\$ 4,271	\$ 2,464

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CASH BASIS

	EMERGENCY MANAGEMENT FUND				ELECTION 5% FUND			
	Year Ended December 31,				Year Ended December 31,			
	2013		2014		2013		2014	
	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual
RECEIPTS								
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-
Charges for services	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	23	-	-
Other	-	-	-	-	1,500	1,514	7,000	7,122
Transfers in	-	-	-	-	-	-	-	-
Total Receipts	\$ -	\$ -	\$ -	\$ -	\$ 1,500	\$ 1,537	\$ 7,000	\$ 7,122
DISBURSEMENTS								
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-	-	-	-	-
Materials and Supplies	-	-	-	-	-	-	5,000	6,000
Services and Other	500	100	100	100	500	709	-	558
Capital Outlay	-	-	-	-	-	-	-	-
Construction	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total Disbursements	\$ 500	\$ 100	\$ 100	\$ 100	\$ 500	\$ 709	\$ 5,000	\$ 6,558
RECEIPTS OVER (UNDER)								
DISBURSEMENTS	\$ (500)	\$ (100)	\$ (100)	\$ (100)	\$ 1,000	\$ 828	\$ 2,000	\$ 564
FUND BALANCE, JANUARY 1	1,291	1,291	1,191	1,191	8,703	8,703	9,531	9,531
FUND BALANCE, DECEMBER 31	\$ 791	\$ 1,191	\$ 1,091	\$ 1,091	\$ 9,703	\$ 9,531	\$ 11,531	\$ 10,095

RAY COUNTY, MISSOURI
COMPARATIVE STATEMENTS OF RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL - CASH BASIS

	SHERIFF POST CERT TRAINING FUND			
	Year Ended December 31,			
	2013		2014	
	Budget	Actual	Budget	Actual
RECEIPTS				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Intergovernmental	-	-	-	-
Charges for services	-	-	-	-
Interest	-	-	-	-
Other	1,300	1,071	1,300	1,267
Transfers in	-	-	-	-
Total Receipts	<u>\$ 1,300</u>	<u>\$ 1,071</u>	<u>\$ 1,300</u>	<u>\$ 1,267</u>
DISBURSEMENTS				
Salaries	\$ -	\$ -	\$ -	\$ -
Employee fringe benefits	-	-	-	-
Materials and Supplies	-	-	-	-
Services and Other	1,300	1,071	1,300	1,267
Capital Outlay	-	-	-	-
Construction	-	-	-	-
Transfers out	-	-	-	-
Total Disbursements	<u>\$ 1,300</u>	<u>\$ 1,071</u>	<u>\$ 1,300</u>	<u>\$ 1,267</u>
RECEIPTS OVER (UNDER)				
DISBURSEMENTS	\$ -	\$ -	\$ -	\$ -
FUND BALANCE, JANUARY 1	<u>3</u>	<u>3</u>	<u>3</u>	<u>3</u>
FUND BALANCE, DECEMBER 31	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 3</u>	<u>\$ 3</u>

COMPLIANCE SECTION

McBRIDE, LOCK & ASSOCIATES, LLC

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS*

To the County Commission and
Officeholders of Ray County, Missouri

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregated discretely presented component units, each major fund, and the aggregate remaining fund information of Ray County, Missouri, as of and for the years ended December 31, 2014 and 2013, and the related notes to the financial statements, which collectively comprise Ray County, Missouri's basic financial statements and have issued our report thereon dated July 28, 2015.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered Ray County, Missouri's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Ray County, Missouri's internal control. Accordingly, we do not express an opinion on the effectiveness of Ray County, Missouri's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any

deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and recommendations that we consider to be a significant deficiency as item 1.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ray County, Missouri's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits, and accordingly, we do not express such an opinion. The results of our tests disclosed certain instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and recommendations as items 2 and 3.

We also noted other matters that we reported to management of Ray County, Missouri in the accompanying schedule of findings and recommendations as items 4 through 7.

Ray County, Missouri's Response to Findings

Ray County, Missouri's response to the findings identified in our audit is described in the accompanying schedule of findings and recommendations. Ray County, Missouri's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

(Original Signed by McBride, Lock & Associates, LLC)

McBride, Lock & Associates, LLC
Kansas City, Missouri
July 28, 2015

FINDINGS AND RECOMMENDATIONS SECTION

RAY COUNTY, MISSOURI
FINDINGS AND RECOMMENDATIONS

MATERIAL WEAKNESS IN INTERNAL CONTROL

None

SIGNIFICANT INTERNAL CONTROL DEFICIENCIES

1. Accounting for Transfers

Condition: In the County's GovernMentor accounting system, transfers of monies between the General Revenue, Special Road and Bridge, and Assessment funds are identified separately from other transactions using a special account code. However, the accounting system does not track transfers involving other county funds separately from other transactions involving receipts and disbursements from individuals and entities outside the County. For example, the salary of the Assistant Prosecuting Attorney is paid out of the General Revenue fund and then reimbursed by the Bad Check fund. However, the General Revenue fund records this transaction as a reimbursement rather than using the transfers account code, and the Bad Check fund categorizes the payments as salary expense rather than as a transfer to another County fund. This has the effect of making the County's receipts and disbursements appear to be overstated. All transactions identified as transfers between County funds during our audit have been reclassified as transfers in the fund financial statements presented in this report.

Recommendation: We recommend that the County ensure that all transactions between County funds are adequately identified as transfers and that transfers in and out are in balance at all times.

County Response: We use transfers for payroll and extraditions only – monthly for payroll, all other money trails are done by checks. If we use transfers and write checks we will show double the amount of expenditures. We believe checks are a better paper trail than transfer.

Auditor's Evaluation: Checks written from one County fund to another should be recorded in the accounting system as a transfer. Recording transactions between funds as revenues and expenditures overstates the amount of the County's revenues and expenditures.

ITEMS OF NONCOMPLIANCE

2. Budgetary Controls

Condition: The annual budgets for 2013 and 2014 were not adopted on a timely basis and, therefore, expenditures were approved for items other than payroll without an adopted budget in place. RSMo 50.540 states that, "The budget officer shall then prepare the budget document...and transmit it to the County Commission not later than...February first in counties of classes three and four." The budget for 2013 was officially adopted on March 15, 2013, and the budget for 2014 was officially adopted on March 14, 2014. RSMo 50.740 states that, "The county treasurer shall not pay nor enter protest on any warrant except payroll for the current year until such budget estimate shall have been so filed."

Actual expenditures exceeded budgeted amounts for nine funds in 2014 and for thirteen funds in 2013. A list of the individual funds can be found at Note 1.D.10 in the notes to the financial statements. State statutes prohibit the County from approving expenditures in excess of the budgeted amount for any County fund. This requirement ensures that expenditures are subject to public scrutiny as provided by their inclusion in a budget adopted or amended at a public meeting.

The poor financial condition of the General Revenue fund increases the importance of monitoring the expenditures of the fund and not approving expenditures in excess of the budgeted amount. The actual expenditures of the General Revenue fund exceeded the budgeted amounts by approximately \$200,000 each year in 2013 and 2014. Item 5 below provides further details on the condition of the General Revenue fund.

Recommendation: We recommend that the County Commission and County Clerk work to ensure that future budgets are adopted in a timely manner. We also recommend that the County not approve expenditures in excess of budgeted amounts and properly amend the budget in a public meeting when unforeseen circumstances arise that necessitate increased expenditures.

County Response: We will now amend the budget as needed. As Commissioners, we are working to improve getting our budgets in more efficiently.

Auditor's Evaluation: The response is appropriate to correct the concern.

3. Collateralization of Collector's Deposits

Condition: The County Collector held deposits at the Bank of Lawson in excess of FDIC deposit insurance that were not adequately covered by pledged collateral at December 31, 2014 and 2013. At December 31, 2014, the bank balance of the deposits held by the Collector at the Lawson Bank was \$490,590, of which \$250,000 was covered by FDIC insurance and \$95,901 was covered by pledged collateral, leaving a balance of \$144,689 of unsecured deposits. At December 31, 2013, the bank balance of the deposits held by the Collector at Lawson Bank was \$480,067, of which \$250,000 was covered by FDIC insurance, leaving a balance of \$230,067 of unsecured deposits. There was no pledged collateral at December 31, 2013. RSMo 110.010.1 states that, "The public funds of every county...which are deposited in any banking institution...shall be secured by the deposit of securities...." RSMo 110.020 states that, "The value of the securities deposited and maintained by a legal depository under section 110.010 shall at all times be not less than one hundred percent of the actual amount of the funds on deposit with the depository, less the amount, if any, insured by the Federal Deposit Insurance Corporation."

Recommendation: We recommend that the County Collector ensure that all deposits of public funds are properly secured and that the level of pledged collateral is periodically monitored to ensure compliance with the state statutes.

County Response: In response to the auditor's findings that there was a lack of securities for funds held at the Bank of Lawson, all funds will be deposited into our main depository Bank Midwest. This should ensure that all funds are properly secured in the future.

Auditor's Evaluation: The response is appropriate to correct the concern.

OTHER MATTERS

4. Timesheets

Condition: The monthly timesheet completed by the County's custodian is not approved by a supervisor. The timesheet presents the hours worked and vacation and sick leave taken for the month, and is signed by the custodian and submitted to the County Clerk's office. The timesheet includes a line for a "Supervisor's Signature", however, a review of all 24 timesheets during 2013 and 2014 noted that none of the timesheets were approved by a supervisor. The custodian is paid a salary rather than on an hourly basis, however, a supervisor should still review and approve the hours reported to ensure that any vacation and sick leave time taken is properly reported.

Recommendation: We recommend that the County designate a Commissioner or elected official to serve as the supervisor and review and approve the Custodian's timesheets each month.

County Response: As of January 1, 2015 these time cards are now approved by a Commissioner.

Auditor's Evaluation: The response is appropriate to correct the concern with regards to the custodian. The County should ensure that all timesheets are approved by a supervisor.

5. General Revenue Fund Financial Condition

Condition: The County's General Revenue fund is in poor financial condition. This issue was noted in the previous financial audit for the years ended December 31, 2009 and 2010. At December 31, 2010, the balance of the fund was \$29,305. The balance increased to \$81,438 at December 31, 2012 before declining once again to \$21,087 at December 31, 2014. This ending balance represents just 0.64% of the General Revenue fund's 2015 budgeted expenditures of \$3,278,186. Subsequent to the prior auditor's recommendation, the County entered into a \$100,000 revolving line of credit with a local bank for General Revenue fund operations and in 2013 the General Revenue fund borrowed \$75,000 from the Assessment fund. Despite these actions, the balance of the fund still declined during both 2013 and 2014.

Recommendation: We recommend that the County Commission continue to focus on ways to improve the financial condition of the County's General Revenue fund.

County Response: The Commission reviews budget and expenditures quarterly. The Commissioners and County Clerk are working on cost savings programs to help the General Revenue fund over the next few years.

Auditor's Evaluation: The response is appropriate to correct the concern.

6. Sheriff's Bank Reconciliations

Condition: A review of the bank reconciliations of the Sheriff's inmate account for December 31, 2013 and 2014 noted several stale outstanding checks. The December 31, 2014 reconciliation included 257 checks totaling \$3,321 that were also listed as outstanding on the December 31,

2013 bank reconciliation and were not resolved during the year. Checks that are greater than three to six months old should be investigated to determine if they will be cashed or should be stopped and removed from the bank reconciliation to ensure the accuracy of the reported book balance of the account.

Recommendation: We recommend that the Sheriff implement procedures to ensure that checks outstanding for more than three to six months are dealt with in a timely manner and removed from the bank reconciliations as necessary.

County Response: The recommendation has now been implemented.

Auditor's Evaluation: The response is appropriate to correct the concern.

7. Discrepancies in Annual Budget Documents

Condition: The annual budget documents prepared by the County include information about actual results for each fund from the previous year, including the beginning cash balance, actual receipts and disbursements, and the cash balance at year end. We noted several instances where the ending cash balance of a fund on the budget document for one year did not correspond to the beginning cash balance for the same fund on the next year's budget document. For example, the cash balance at December 31, 2012 (ending balance) for the Prosecuting Attorney Training fund as stated in the 2013 budget document was \$2,543.35, however, the cash balance of the fund at December 31, 2012 (beginning balance) as stated on the 2014 budget document was \$408.20. There were several instances of these variances between the 2013 and 2014 budgets. For 2013, we noted variances in 8 funds ranging from \$100 to \$8,088. For 2014, we noted variances in 2 funds ranging from \$10 to \$9,531.

Recommendation: We recommend that the County Clerk ensure that the actual results and cash balances presented for each fund in the County's budget documents are accurate and that the ending cash balances of each fund carryover as the beginning balance of the fund on the next year's budget.

County Response: The County Clerk will start using only the Governmentor program for reports instead of trying to combine the state form with Governmentor to ensure accuracy.

Auditor's Evaluation: The response is appropriate to correct the concern.

RAY COUNTY, MISSOURI
FOLLOW-UP ON PRIOR AUDIT FINDINGS FOR AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

In accordance with Government Auditing Standards, this section reports the auditors' follow-up on action taken by Ray County, Missouri, on the applicable findings in the prior audit report issued for the years ended December 31, 2010 and 2009.

1. The County Revenue fund is in declining financial condition.

Status – Not resolved. See Finding 5.

2. The County did not approve both the 2009 and 2010 budgets in a timely manner. Therefore, expenditures were being incurred without an operating budget in place. Also, the County Commission approved disbursements in excess of budgeted amounts for various funds during the years ending December 31, 2010 and 2009 and there was no evidence that either the Commission or the Clerk adequately monitored the actual and budgeted disbursements.

Status – Not resolved. See Finding 2.